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FLOOR DEBATE

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are important to a determination of whether or not a project is going to pay out. Is there, in fact, going to be a net benefit to the state of Nebraska and its political subdivisions from the incentive that is being offered? Those three things that they're already asked to consider are integral to making that determination. Now, there are some other things that you need to do and the econometric model that we've developed takes those into account. You have to take into account the kind of spin-off jobs, if you will, the ancillary economic activity that is generated by reason of the company's activities. Our econometric model takes that into account. You also have to have a period of time under which you will determine whether or not a net benefit has been incurred. We currently use a 15-year period for that determination. After that, it gets a little doubtful about how you can do an analysis. You also need a discount rate and we use a discount rate that is tied to the return on general state funds from the Investment Council. We have a large pool of dollars that are invested, in fact on a daily basis, and the average rate of return on those funds is 6.5 percent and that's what we use as a discount rate in the econometric models. So all the amendment says is that, as a part of their considerations, this isn't a...this isn't a do or die kind of a test, but as a part of their considerations that the board has to take into account what the econometric model shows as the present value of the project. And, in fact, it asks them to consider in fact whether it will show a positive net present value, which of course would be the most ideal situation that we could find. In fact, I will tell you, in all candor, I don't think that we're going to find projects that would, in fact, show a positive net value, but at any...in any rate, I don't think it hurts the board to take into consideration the results of a review of the project under the Fiscal Office's econometric model. That econometric model has been a very useful tool for the members of the Revenue Committee as we have considered LB 620 and, in fact, as we develop the committee amendments to LB 620. Part of what you see or what you adopted in the committee amendments to LB 620 was a direct result of that process of analysis through the two different kinds of models that we have available to us through the Legislative Fiscal Office. One is a TRAIN model; one is an IMPLAN model. Both were used and both produced interesting